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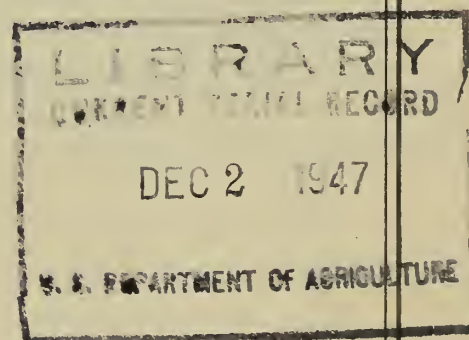
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FARM CREDIT ADMINISTRATION
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.

HANDBOOK ON
MAJOR REGIONAL FARM SUPPLY
PURCHASING COOPERATIVES
1945-46

By
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and
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COOPERATIVE RESEARCH AND SERVICE DIVISION

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The information in this publication has been assembled through the cooperation of the farmers' cooperative associations concerned. It is published for their information in appraising their own operating efficiency and for the use of those interested in the cooperatives as a part of the general economy.

The Cooperative Research and Service Division conducts research studies and service activities relating to problems of management, organization, policies, merchandising, sales, costs, competition, and membership arising in connection with the cooperative marketing of agricultural products and the cooperative purchase of farm supplies and services; publishes the results of such studies; confers and advises with officials of farmers' cooperative associations; and cooperates with educational agencies, cooperative associations, and others in the dissemination of information relating to cooperative principles and practices.



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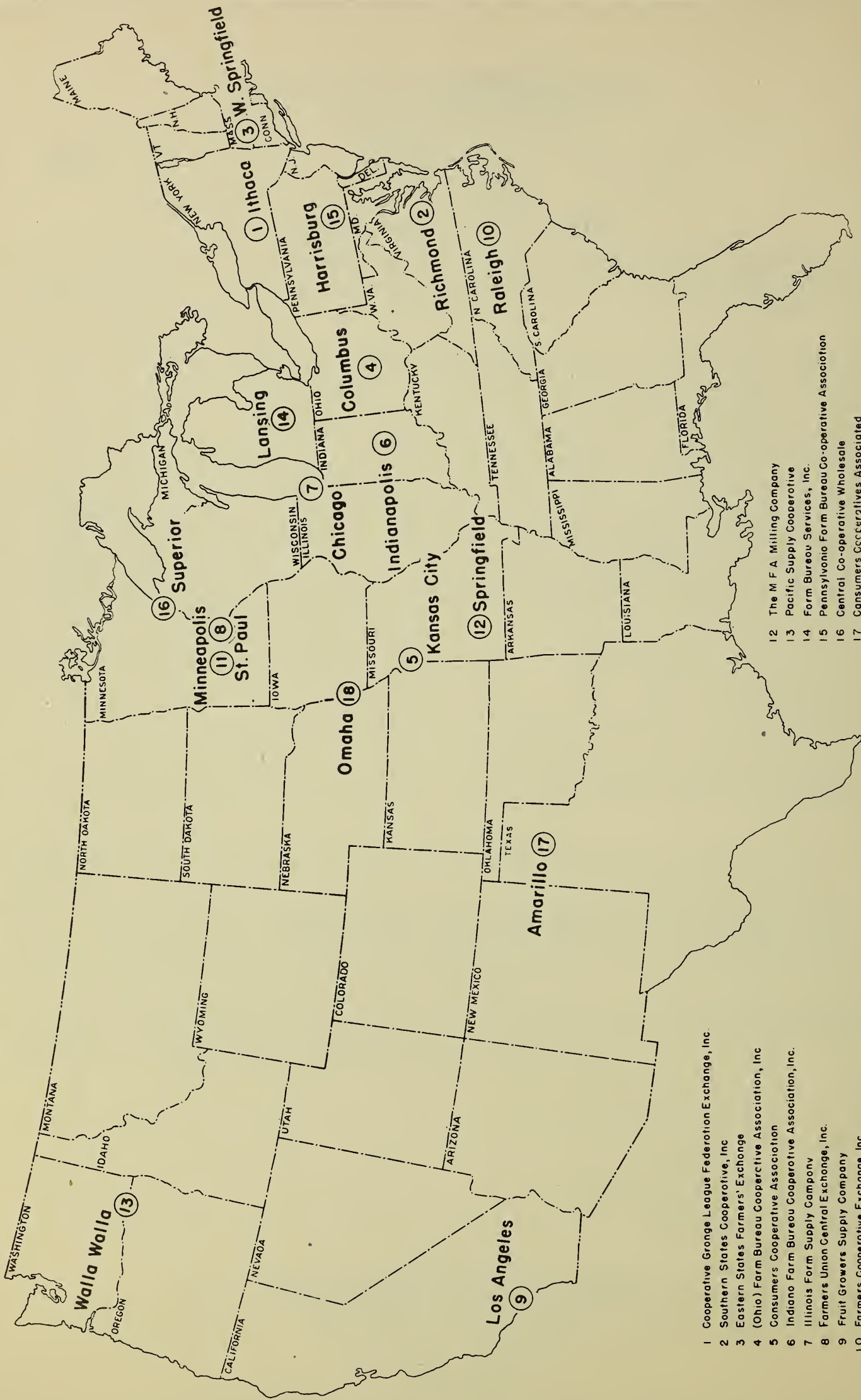
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LOCATION OF 18 MAJOR REGIONAL COOPERATIVE PURCHASING ASSOCIATIONS



HANDBOOK ON MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES, 1945 AND 1946

By

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Part I of this handbook presents concise comparable information for each of the 18 major regional farm supply purchasing cooperatives in the United States for their fiscal years ending in 1945 and in 1946, and Part II combines such information and analyzes it as a means of showing the character and significance of these associations as a group.

All except one of the associations described perform wholesale service for retail cooperative outlets of various types. One association distributes all supplies direct to individual purchasers. In addition to giving wholesale service, seven associations also distribute supplies direct to farmers through their own retail outlets. Five associations also engage in the cooperative marketing of farm products. The individual reports in Part I show clearly the main points of similarity and of difference.

Unfortunately, it is not possible to provide information for a considerable number of regional farm supply purchasing cooperatives which have total net sales of less than \$3-1/2 million. It should also be pointed out that there are many regional cooperative marketing-purchasing associations that perform an extensive cooperative purchasing service. Appendix A presents information on the value of supplies distributed to farmers through four associations of this type which had combined supply sales of more than \$46 million in 1946.

PART I

INDIVIDUAL REPORTS FOR 18 MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN 1945 AND 1946

This section gives individual information for each of the 18 associations, including date of organization, area of service, types of local outlets, types of supplies handled and products marketed, volume of wholesale, retail, and marketing business, distribution of savings, financial condition, and number of employees.

NOTE: Appreciation is expressed to the associations which provided the information used in the preparation of this handbook and to Mrs. Jeanne Franklin for her valuable aid, both technical and secretarial.

COOPERATIVE GRANGE LEAGUE FEDERATION EXCHANGE, INC.

The Cooperative Grange League Federation Exchange, Inc., known as the "G.L.F.," was organized on June 28, 1920. It serves farmers in New York, New Jersey, and the northern tier of counties in Pennsylvania - the territory known as the "New York Milkshed." Its administrative offices are in Ithaca, New York.

The G.L.F. has a centralized form of organization. Its board of directors is directly responsible to its farmer-members. Membership is determined by ownership of common stock or by the extent of an individual's purchases or sales through the organization. Any farmer-patron who annually purchases or sells \$100 or more of supplies or produce through the organization qualifies as a member.

The G.L.F. is an integrated organization since it performs manufacturing, processing, wholesaling, transportation, and retailing services. At the end of the fiscal year, June 30, 1946, the G.L.F. was servicing about 218,000 regular farmer-patrons, or about one farmer out of every two in its service area.

On June 30, 1946, the G.L.F. was serving its patrons through the following types of retail organizations:

<u>Types of retail outlet</u>	<u>Number</u>
G.L.F. retail service stores.....	212
G.L.F. zero food branches.....	3
G.L.F. farm store branches.....	3
G.L.F. farm repair and machine services.....	17
G.L.F. petroleum bulk plants.....	52
G.L.F. agent buyers.....	360
Independent local cooperatives.....	45
Farmer agents.....	15
Supplementary agents.....	<u>23</u>
Total retail outlets.....	<u>730</u>

The G.L.F. retail service stores distribute farm supplies to and market farm products for G.L.F. patrons. They have a considerable amount of local autonomy although they are centrally financed and supervised through management contracts which may be canceled at any time by the local service stores. The G.L.F. petroleum bulk plants are organized in a similar way except that they are located so that they can perform a specialized petroleum service for patrons over wider areas.

Agent-buyers are private businesses which have been granted a franchise to handle G.L.F. farm supplies in accordance with G.L.F. instructions. The independent local cooperatives are largely locally controlled farmers' marketing associations which also perform a cooperative purchasing service. The farmer-agents are generally large individual buyers who occasionally also serve neighboring patrons.

These various types of retail outlets obtain G.L.F. supplies for resale under the same wholesale terms through the manufacturing plants and warehouses which the G.L.F. maintains at Buffalo, Albany, and other strategically located terminal centers. They also purchase from other commercial sources.

The wholesale value of supplies distributed by G.L.F. to these retail outlets for the fiscal years ending June 30, 1945 and 1946 was as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed, flour, and cereals.....	\$69,960,252	\$69,415,098
Fertilizer and lime.....	6,024,765	6,558,242
Seed and seed potatoes ¹	3,708,180	3,999,514
Petroleum products.....	6,423,488	5,074,461
Tires, tubes, and accessories.....	515,305	1,030,115
Farm equipment, accessories, and tools.....	1,874,566	2,171,943
Steel products.....	559,143	648,158
Lumber, paint, roofing, cement, etc.....	919,043	1,506,975
Insecticides, sprays, soap and washing powder, shells, bedding, farm chemicals, etc.....	1,396,984	1,829,995
Rope and twine.....	235,453	226,858
Molasses and cod-liver oil.....	191,467	320,917
Package materials ²	1,383,327	975,551
Miscellaneous ³	241,774	217,855
Groceries.....	39,107	-
Total wholesale sales before elimination of intercompany sales.....	\$93,472,854	\$93,975,682
Total wholesale sales after elimination of estimated intercompany sales.....	<u>\$93,308,950</u>	<u>\$93,611,777</u>

Supplies and services purchased at retail by farmers through G.L.F. managed retail outlets for the years ending June 30, 1945 and 1946 were as follows:

	<u>1945</u>	<u>1946</u>
G.L.F. retail service, zero food, and farm repair services.....	\$58,599,726	\$68,529,133
G.L.F. petroleum bulk plants.....	6,845,254	7,148,838
Total.....	<u>\$65,444,980</u>	<u>\$75,677,971</u>

During recent years, the G.L.F. has greatly expanded its cooperative marketing services for farm products. In some cases, marketing operations are performed through G.L.F. service stores described above with such special facilities as may be required. In many cases, however,

¹Does not include Allied Seed Division shipments to non-G.L.F. outlets.

²Includes baskets and crates.

³Includes rubber and canvas, agency supplies, ladders, household items, etc.

separate facilities such as canning plants are maintained. The following shows the types of marketing facilities:

<u>Types of marketing facilities</u>	<u>Number</u>
Canning plants.....	3
Bean plants.....	3
Flour and cereal plants.....	2
Produce auctions.....	3
Terminal egg sales services.....	5
Country egg stations.....	18
Terminal sales agencies for beans, wheat, canned goods, and fresh produce.....	4
Cold storages.....	3
Livestock and poultry service.....	1
Transportation service.....	1

The value of farm products marketed by G.L.F. for the years ending June 30, 1945 and 1946 is shown below:

<u>Commodities</u>	<u>Value of products marketed¹</u>	
	<u>1945</u>	<u>1946</u>
Eggs.....	\$7,006,294	\$5,394,851
Fruits and vegetables (including canned goods).....	2,903,938	4,713,913
Grain (including flours and cereals).....	2,040,690	2,208,050
Beans.....	1,064,409	735,116
Hay and straw.....	416,717	526,042
Miscellaneous ² and unclassified.....	558,059	190,538
Purchasing from marketing units (egg cases, seed beans, seed and plants, storage).....	638,506	638,244
Total marketing sales (after elimination of estimated intercompany sales).....	<u>\$14,628,613</u>	<u>\$14,406,754</u>

Net savings of the G.L.F. for the years ending June 30, 1945 and 1946 were derived as follows:

	<u>1945</u>	<u>1946</u>
Manufacturing and wholesale.....	\$2,463,027	\$3,175,445
G.L.F. retail service stores.....	1,297,971	1,784,922
Petroleum distribution operations.....	207,661	97,363
Marketing sales ³	54,320	199,628
Less intercompany dividends.....	<u>-2,322</u>	<u>-1,978</u>
Total net savings.....	<u>\$4,020,657</u>	<u>\$5,255,380</u>

¹Including marketing by service stores.

²Includes poultry, livestock, meat, and seed.

³Including service stores operated by the marketing division in 1945.

These net savings were distributed in the following manner:

	<u>1945</u>	<u>1946</u>
Interest on participation certificates.....	\$64,801	\$23,012
Cash dividends on stock.....	492,642	582,982
Patronage refunds in cash.....	2,819,746	4,285,193
Patronage refunds in capital stock.....	17,716	
Additions to reserves ¹	625,752	364,193
Total.....	<u>\$4,020,657</u>	<u>\$5,255,380</u>

The financial condition of the Cooperative G.L.F. Exchange, Inc., and its wholesale subsidiaries as of June 30, 1945 and 1946, is shown in the following condensed consolidated balance sheet:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$18,071,568	\$17,152,866
Fixed assets (net).....	3,386,222	4,158,567
Other assets (investments, etc.).....	1,638,414	2,317,769
Total assets.....	<u>\$23,096,204</u>	<u>\$23,629,202</u>
Liabilities and patrons' equity:		
Current liabilities.....	\$5,161,453	\$5,576,262
Other liabilities.....	700,000	700,000
Reserves for contingent liabilities.....	1,443,546	1,368,702
Capital stock and patrons' equity ²	15,791,205	15,984,238
Total liabilities and patrons' equity.....	<u>\$23,096,204</u>	<u>\$23,629,202</u>

The following is a tabulation of the number and value of facilities owned and operated by the G.L.F. on June 30, 1946:

	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills.....	3	\$4,606,699	\$1,639,082
Fertilizer and insecticide plants.....	9	1,215,925	685,364
Seed cleaning plants.....	5	653,032	163,276
Wholesale farm supply warehouses.....	7	127,622	95,858
Petroleum bulk storage terminals.....	2	61,115	47,313
Retail farm supply stores.....	215	3,930,959	2,109,628
Farm repair services.....	17	26,187	20,800
Bulk petroleum plants.....	52	644,248	278,362
Lumber mill and package manufacturing.	2	351,898	118,582
Marketing warehouses and processing plants (includes 3 canning plants)...	38	1,405,736	1,092,264
Office buildings.....	1 (group)	552,958	125,801
Miscellaneous.....	4	145,091	109,787
Freezer-locker plants.....	4	261,962	234,731
Total.....		<u>\$13,983,432</u>	<u>\$6,720,848</u>

	<u>1945</u>	<u>1946</u>
¹ Additions to liabilities reserves.....	\$250,000	
Additions to reserves for contingent liabilities	2,862	\$41,310
Write-offs, absorptions, adjustments, etc.....	-201,248	-109,307
² Additions to patrons' equity reserves.....	574,138	432,190

²Includes reserves for price declines.

On June 30, 1946, G.L.F. had 3,774 employees. Of these, 232 were engaged in general administration activities, 1,447 in manufacturing and processing operations, 1,646 in retail distribution, and 449 in farm product marketing work. These figures do not include retail employees of independent cooperatives and agent-buyers and their employees who may spend most of their time in distributing G.L.F. farm supplies.

SOUTHERN STATES COOPERATIVE, INC.

The Southern States Cooperative, Inc., Richmond, Virginia, was organized on July 21, 1923, as the Virginia Seed Service. It reorganized in 1933 under its present name. At the end of its operating year, June 30, 1946, it was serving approximately 200,000 patrons in Virginia, West Virginia, Kentucky, Maryland, and Delaware. More than 98 percent of its patrons were farmers, and 90 percent were members. A farmer-patron becomes a member by acquiring ownership of a share of stock through the application of patronage refund payments.

On June 30, 1946, the Southern States Cooperative was serving its patrons through the following types of retail organization:

<u>Types of retail outlet</u>	<u>Number</u>
Southern States Cooperative frozen food locker plants.....	6
Southern States Cooperative retail service stores.....	78
Southern States Cooperative petroleum service plants.....	18
Southern States Cooperative service agencies.....	484
Independent local cooperative associations.....	59
Farmer agents (fertilizer only).....	534

The Southern States Cooperative retail service stores and petroleum service plants are separately incorporated cooperative associations which are under the management supervision of the Southern States Cooperative. The Southern States Cooperative service agencies are private retail supply dealers who have contracted to handle Southern States Cooperative supplies under agreed-upon conditions. The independent local cooperatives are separately incorporated marketing and purchasing associations which use the Southern States Cooperative as a wholesale source of supply. The farmer-agents are individual farmers who pool fertilizer orders and arrange distribution for their neighbors.

In addition to performing a wholesale service for the above groups of retail outlets, the Southern States Cooperative produces feed for the Farmers Cooperative Exchange of North Carolina, the Pennsylvania Farm Bureau Cooperative Association, Inc., and the Farm Bureau Cooperative Association, Inc., of Ohio, through jointly owned manufacturing facilities. Similarly, it manufactures fertilizer for the Farmers Cooperative Exchange of North Carolina and the Pennsylvania Farm Bureau Cooperative Association, Inc.

The value of supplies distributed at wholesale through the retail outlets enumerated above, plus the value of supplies manufactured for the account of affiliated regional cooperatives, for the fiscal years ending June 30, 1945 and 1946 was as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$24,957,607	\$27,680,995
Fertilizer.....	6,795,594	7,426,853
Seed.....	2,864,348	2,936,555
Petroleum.....	1,628,668	1,755,344
Other supplies.....	<u>4,311,391</u>	<u>5,373,431</u>
Total.....	<u>\$40,557,608</u>	<u>\$45,173,178</u>

The value of supplies distributed at retail by Southern States Cooperative managed retail outlets amounted to \$14,253,560 in 1945 and \$15,934,067 in 1946. The value of Southern States Cooperative marketing sales (eggs) amounted to \$2,445,937 in 1945 and \$2,604,829 in 1946. Poultry sales amounted to \$3,557,505 in 1946.

The combined value of all commodities handled by the Southern States Cooperative thus amounted to \$57,257,105 in 1945 and \$67,269,579 in 1946.

The total savings from all operations amounted to \$1,640,566 in 1945 and \$1,757,624 in 1946. These savings were distributed in the following way:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$306,607	\$386,936
Patronage refunds in cash.....	257,877	224,253
Patronage refunds paid in capital stock..	675,570	1,008,773
Retained in reserves or unallocated.....	<u>400,512</u>	<u>137,662</u>
Total.....	<u>\$1,640,566</u>	<u>\$1,757,624</u>

The financial condition of the Southern States Cooperative as of June 30, 1945 and 1946 is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$6,590,043	\$8,414,874
Fixed assets.....	3,780,318	5,562,012
Other assets.....	<u>521,835</u>	<u>690,926</u>
Total.....	<u>\$10,892,196</u>	<u>\$14,667,812</u>
Liabilities and net worth:		
Current liabilities.....	\$1,174,179	\$1,666,376
Deferred liabilities.....	18,588	32,218
Net worth (capital and reserves).....	<u>9,699,429</u>	<u>12,968,718</u>
Total.....	<u>\$10,892,196</u>	<u>\$14,667,812</u>

The following is a tabulation of the number and value of facilities owned and operated by the Southern States Cooperative on June 30, 1946:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Poultry and egg marketings.....	5	\$602,199	\$581,036
Frozen food locker plants.....	6	391,964	381,166
Feed mills.....	5	2,476,545	1,927,748
Fertilizer plants.....	3	658,278	442,940
Seed cleaning plants and wholesale farm supply warehouses.....	6	637,561	512,638
Southern States Cooperative retail service stores.....	78	514,997	390,695
Bulk petroleum plants.....	18	392,550	274,492
Oil delivery trucks.....	64	158,859	91,118
Transport trucks.....	29	131,159	102,698
General delivery trucks.....	68	89,030	63,134
Research and analysis laboratory....	1	13,222	7,582
Total value.....		<u>\$6,066,364</u>	<u>\$4,775,247</u>

On June 30, 1946, the Southern States Cooperative had 2,120 employees. Of these, 451 were engaged in general administrative activities, 1,181 in manufacturing and processing operations and in marketing operations, and 488 in retail distribution.

EASTERN STATES FARMERS' EXCHANGE, INC.

The Eastern States Farmers' Exchange, Inc., with headquarters at West Springfield, Massachusetts, was organized on January 28, 1918. By December 31, 1946, it was serving over 102,439 patrons located in the six New England States, in Pennsylvania (except for the northern tier of counties), in Delaware, and in part of Maryland.

Membership in the Exchange is determined by use. Every farmer who purchases through the Exchange becomes a member and remains a member for 2 years beginning January 1, after the date of last purchase. Only 1.7 percent of the 1946 volume of business was with nonfarmers.

The Exchange serves its patrons through 479 farmer-representatives, through 25 independent cooperative associations which also serve as representatives, and through 73 regional branch warehouses which are strategically located to supplement local car-door distribution.

The Exchange is an integrated organization of farmers which performs buying, manufacturing, and farm supply distributing functions. Purchases by patrons for 1945 and 1946 were as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed and grain.....	\$47,812,255	\$49,696,049
Field seeds.....	1,231,545	1,399,539
Seed potatoes.....	934,852	1,159,778
Vegetable seeds.....	164,732	188,766
Fertilizer and lime.....	2,599,173	2,810,970
Spray materials.....	283,531	505,409
Miscellaneous (roofing, oil, paint, etc.)...	669,758	829,069
Total.....	<u>\$53,695,846</u>	<u>\$56,589,580</u>

Total savings of the Eastern States Farmers' Exchange, were \$1,477,111 in 1945 and \$499,296 in 1946. These savings were distributed as follows for the 2 years:

	<u>1945</u>	<u>1946</u>
Patronage refunds.....	\$989,664	\$334,528
Retained in reserves.....	487,447	164,768
Total.....	<u>\$1,477,111</u>	<u>\$499,296</u>

The financial statements for the Eastern States Farmers' Exchange, as of December 31, 1945 and 1946, were as follows:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$7,687,353	\$9,792,072
Fixed assets.....	1,376,658	4,796,602
Other assets.....	267,168	278,793
Total assets.....	<u>\$9,331,179</u>	<u>\$14,867,467</u>
Liabilities and net worth:		
Current liabilities.....	\$4,173,799	\$5,045,320
Fixed indebtedness.....	-	4,000,000
Net worth (patrons' equity).....	5,157,380	5,822,147
Total liabilities and net worth.....	<u>\$9,331,179</u>	<u>\$14,867,467</u>

It is significant that all of the net worth, or patrons' equity, was accumulated through retained savings. Each patron has contributed to the structure in proportion to the use he has elected to make of the services provided. Margins have been the sole means by which patrons have accumulated capital in Eastern States, and service charges have covered costs, including maintenance and development.

While the accumulated capital expenditures of the Exchange for its feed mill, three fertilizer plants, regional warehouses, and other operating facilities, amounted to \$11,012,367 on December 31, 1946, only \$4,796,602 was carried on the books as capital investment.

On December 31, 1946, the Exchange had 1,192 employees of whom 392 were employed in general administration, 622 in manufacturing and processing, and 178 in distributing through its warehouses. These figures include employees on the pay roll of the organization. They do not include farmer-representatives and employees of cooperatives who distribute supplies for the Exchange for local handling charges paid by members.

(OHIO) FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1946, it was serving 89 member associations, with 200 distribution points, in the State of Ohio. These cooperative outlets served 150,000 patrons, of whom 92 percent were farmers.

The wholesale supply sales of the Farm Bureau Cooperative Association, Inc., were distributed for 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	¹ \$7,278,285	² \$8,329,554
Fertilizer.....	2,558,376	3,233,872
Seed and seed potatoes.....	1,063,034	1,646,534
Gas, oil, and grease.....	3,356,398	5,843,348
Tires, tubes, and other accessories.....	154,815	254,439
Farm machinery.....	531,798	1,506,128
Farm equipment.....	102,637	120,868
Steel products.....	805,299	939,126
Lumber, paint, and other maintenance equipment.....	260,753	1,072,020
Insecticides.....	219,280	303,377
Electrical equipment and appliances.....	287,417	224,164
Twine.....	68,035	93,910
Coal.....	282,575	332,575
Miscellaneous farm supplies.....	863,778	1,685,612
Total wholesale supply sales.....	<u>\$17,832,480</u>	<u>\$25,585,527</u>

The value of farm products marketed through the Farm Bureau Cooperative Association, Inc., amounted to the following:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Grain.....	\$6,751,952	\$10,072,298
Eggs.....	1,452,215	1,808,554
Total value of farm products.....	<u>\$8,204,167</u>	<u>\$11,880,852</u>

¹Includes \$1,587,954 intercompany sales.

²Includes \$1,660,180 intercompany sales.

The total net savings from all operations amounted to \$509,727 in 1945 and 1,501,276 in 1946. The distribution of these savings was as follows:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$81,797	\$120,971
Cash patronage refunds.....	15,172	20,077
Patronage refunds in capital stock.....	247,000	874,700
Retained in reserves.....	<u>165,758</u>	<u>485,528</u>
Total net savings.....	<u>\$509,727</u>	<u>\$1,501,276</u>

The financial condition of the Farm Bureau Cooperative, as of December 31, 1945 and 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$4,677,775	\$8,051,361
Fixed assets.....	1,679,279	1,784,237
Other assets.....	<u>1,171,815</u>	<u>2,060,411</u>
Total assets.....	<u>\$7,528,869</u>	<u>\$11,896,009</u>
Liabilities and net worth:		
Current liabilities.....	\$3,402,813	\$4,989,944
Other liabilities.....	765,000	920,000
Net worth (capital and reserves).....	<u>3,361,056</u>	<u>5,986,065</u>
Total liabilities and net worth.....	<u>\$7,528,869</u>	<u>\$11,896,009</u>

Forty-seven percent of the net worth was accumulated through the sale of stock, while 53 percent was retained savings.

The principal operating facilities owned and operated by the Farm Bureau Cooperative, at the close of the 1946 fiscal year, are listed below:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills.....	5	\$751,295	\$568,731
Fertilizer plants.....	4	531,939	279,388
Wholesale farm supply warehouses.	5	134,911	107,406
Refinery.....	1	289,220	132,032
Transport trucks.....	3	17,495	4,604
Oil delivery trucks.....	11	<u>117,471</u>	<u>49,128</u>
Total value.....		<u>\$1,842,331</u>	<u>\$1,141,289</u>

In addition to the above, the association had invested \$1,916,800 in feed, fertilizer, petroleum processing, and other facilities jointly owned with other cooperative associations.

As of December 31, 1946, the Farm Bureau Cooperative Association, Inc., had 550 employees. Of this number, 110 were engaged in general administration, 380 in manufacturing and processing, and 60 in wholesale distribution.

CONSUMERS COOPERATIVE ASSOCIATION

The Consumers Cooperative Association, Kansas City, Missouri, was organized in 1929. At the end of its operating year, August 31, 1946, it served 1,015 member and 551 nonmember associations in Missouri, Kansas, Oklahoma, Nebraska, Iowa, Colorado, North Dakota, South Dakota, Utah, and Wyoming. These associations, in turn, served approximately 250,000 patrons, of whom about 98 percent were farmers.

The wholesale supply sales of the Consumer Cooperative Association were distributed as follows for the fiscal year ending August 31, 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Petroleum products.....	\$17,302,745	\$18,086,889
Tires, tubes, and accessories.....	519,837	1,638,592
Paint.....	117,698	175,335
Twine.....	127,396	109,409
Spray.....	14,708	18,580
Feed.....	1,571,999	2,840,083
Fertilizer.....	-	2,356
Coal.....	3,254	10,323
Machinery.....	113,364	504,757
Wire and steel.....	102,838	284,523
Lumber and roofing.....	321,751	729,624
Groceries.....	1,423,628	1,009,131
Household appliances.....	208,181	293,000
Miscellaneous ¹	107,153	366,427
Total wholesale sales.....	<u>\$21,934,552</u>	<u>\$26,069,029</u>

On August 31, 1946, the Consumers Cooperative Association was serving 7,398 member patrons direct through facilities operated by its retail department. The retail sales of this department increased from \$326,406 in 1945 to \$420,787 in 1946.

The net savings of the Consumers Cooperative Association were as follows for the fiscal years ending August 31, 1945 and 1946:

	<u>1945</u>	<u>1946</u>
Wholesale.....	\$577,974	\$551,297
Retail.....	1,140	10,777
Total.....	<u>\$579,114</u>	<u>\$562,074</u>

¹Service station equipment and farm supplies.

The financial condition of the Consumers Cooperative Association as of August 31, 1945 and 1946, is shown below:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$2,332,093	\$3,142,430
Fixed assets.....	1,753,265	1,833,277
Other assets.....	3,458,805	4,582,659
Total assets.....	<u>\$7,544,163</u>	<u>\$9,558,366</u>
Liabilities and net worth:		
Current liabilities.....	\$2,098,967	\$2,175,753
Other liabilities.....	674,787	683,503
Net worth (capital and reserves).....	4,770,409	6,699,110
Total liabilities and net worth.....	<u>\$7,544,163</u>	<u>\$9,558,366</u>

The Consumers Cooperative Association employs three subsidiary corporations to perform manufacturing services - the Cooperative Refinery Association, the Cooperative Pipe Line Association, and the Cooperative Oil Producing Association. The common stock of each subsidiary organization is owned by the Consumers Cooperative Association, and its directors are also the directors of the subsidiary corporations. Savings of the subsidiaries after reserves have been created and dividends paid on common and preferred stock accrue to the Consumers Cooperative Association. For that reason, the full financial condition of the enterprise controlled by the Consumers Cooperative Association can only be shown by combining the financial statements of the Consumers Cooperative Association with those of its three subsidiary corporations.

The composite balance sheets of the Consumers Cooperative Association and its subsidiaries, for the years ending August 31, 1945 and 1946, were as follows:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$7,084,336	\$7,779,276
Fixed assets.....	5,923,661	6,684,690
Other assets.....	1,859,267	1,989,195
Total assets.....	<u>\$14,867,264</u>	<u>\$16,453,161</u>
Liabilities and net worth:		
Current liabilities.....	\$3,208,675	\$2,826,149
Other liabilities.....	4,388,601	4,076,747
Net worth.....	7,269,988	9,550,265
Total liabilities and net worth.....	<u>\$14,867,264</u>	<u>\$16,453,161</u>

The combined net sales of the Consumers Cooperative Association and the Cooperative Refinery Association, Cooperative Pipe Line Association, and Cooperative Oil Producing Association for the years ending August 31, 1945 and 1946, were as follows:

<u>Sales</u>	<u>1945</u>	<u>1946</u>
Consumers Cooperative Association.....	\$22,032,764	\$26,172,853
Cooperative Refinery Association.....	15,010,649	20,618,889
Cooperative Pipe Line Association.....	1,457,303	1,841,501
Cooperative Oil Producing Association.....	10,538	-
Total sales.....	<u>\$38,511,254</u>	<u>\$48,633,243</u>

The following tabulation shows the combined savings of the Consumers Cooperative Association and its subsidiaries for the years ending August 31, 1945 and 1946:

	<u>1945</u>	<u>1946</u>
Consumers Cooperative Association.....	\$579,114	\$562,074
Cooperative Refinery Association.....	1,169,477	1,124,726
Cooperative Pipe Line Association.....	11,852	-21,501
Cooperative Oil Producing Association.....	6,064	-
Total.....	<u>\$1,766,507</u>	<u>\$1,665,299</u>

These savings were distributed in the following manner for the 2 years:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$56,280	\$80,754
Patronage refunds in cash.....	36,732	31,376
Patronage refunds in share capital.....	30,700	71,422
Additions to reserves.....	557,928	250,195
Deferred patronage refunds and revolving fund.....	1,084,867	1,231,552
Total.....	<u>\$1,766,507</u>	<u>\$1,665,299</u>

The Consumers Cooperative Association and its subsidiary corporations had 1,805 employees on August 31, 1946, of whom 360 were employed in general administration, 1,047¹ in manufacturing and processing, 245 in whole-sale distribution, and 153 in retail distribution.

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.

The Indiana Farm Bureau Cooperative Association, Inc., with headquarters at Indianapolis, Indiana, was organized in its present form in February 1927. At the end of its operating year, December 31, 1946, it was serving 85 Indiana county farm bureau cooperative associations² and one in Kentucky. These 86 associations distribute supplies to approximately 130,000 patrons, 95 percent of whom are farmers.

¹154 employed in canning operations during seasonal pack only.

²Many of these county cooperatives also render marketing service on grain, wool, poultry, and eggs, etc., through related State Farm Bureau marketing associations.

The wholesale supply sales of the Indiana Farm Bureau Cooperative Association, Inc., were distributed during 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$2,950,573	\$3,522,002
Fertilizer.....	2,422,320	2,637,827
Seed.....	661,381	1,035,851
Gas, oil, and grease.....	4,981,565	5,820,486
Tires, tubes, and other accessories.....	141,587	514,530
Farm machinery.....	777,939	2,466,080
Farm equipment.....	195,514	308,295
Steel products.....	1,701,382	2,733,788
Lumber, paint, and other maintenance equipment..	1,431,427	4,401,952
Insecticides.....	63,374	106,443
Electrical equipment and appliances.....	244,147	528,635
Twine.....	38,494	47,472
Coal.....	990,916	966,410
Chicks, eggs, and poultry.....	237,486	217,912
Miscellaneous.....	371,557	623,414
Total wholesale supply sales.....	<u>\$17,209,662</u>	<u>\$25,931,097</u>

The total net savings on sales amounted to \$1,093,673 in 1945 and \$1,833,214 in 1946. Savings were distributed as follows:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$144,940	\$205,058
Patronage refunds in cash.....	927,549	1,433,220
Retained in reserves.....	-	146,693
Retained for surplus adjustments.....	21,184	48,243
Total net savings.....	<u>\$1,093,673</u>	<u>\$1,833,214</u>

The financial condition of the Indiana Farm Bureau Cooperative Association, Inc., as of December 31, for 1945 and 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$4,626,721	\$5,373,621
Fixed assets.....	1,722,995	2,510,043
Other assets.....	3,641,642	3,378,777
Total assets.....	<u>\$9,991,358</u>	<u>\$11,262,441</u>
Liabilities and net worth:		
Current liabilities.....	\$4,431,789	\$2,734,597
Other liabilities.....	140,000	95,621
Net worth (capital and reserves).....	5,419,569	8,432,223
Total liabilities and net worth.....	<u>\$9,991,358</u>	<u>\$11,262,441</u>

On December 31, 1946, 73.59 percent of the net worth represented retained savings, while 26.41 percent had been accumulated through the sale of stock.

At the close of 1946, the Indiana Farm Bureau Cooperative Association, Inc., owned and operated the following principal facilities:

Type	Number of plants or units	Cost value	Depreciated value
Fertilizer plants.....	1	\$294,488	\$198,537
Seed cleaning plants.....	1	48,888	37,959
Wholesale farm supply warehouses.	1	347,210	342,765
Petroleum refinery.....	1	1,593,992	1,326,454
Transport trucks.....	14	128,542	21,378
General delivery trucks.....	13	11,088	4,071
Barge and towboat.....	2	124,146	91,158
Total value.....		<u>\$2,548,354</u>	<u>\$2,022,322</u>

In addition to the above, the association held investments of approximately \$1,700,000 in facilities jointly owned with other cooperative associations.

The association had at the close of the 1946 season 489 employees of whom 192 were engaged in general administration activities, 178 in manufacturing and processing, and 119 in wholesale distribution work.

ILLINOIS FARM SUPPLY COMPANY

The Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year, August 31, 1946, it was providing a wholesale farm supply service for 170 member associations¹ throughout the State of Illinois which, in turn, served about 130,000 patrons of whom approximately 97 percent were farmers. Member associations must operate under the Capper-Volstead Act and the Agricultural Cooperative Act of Illinois and must be engaged wholly or partly in cooperative distribution of farm supplies.

The wholesale supply sales of the Illinois Farm Supply Company were distributed during the fiscal years ending August 31, 1945 and 1946 as follows:

Commodities	1945	1946
Feed.....	\$3,811,902	\$2,444,553
Fertilizer.....	728,223	1,733,464
Petroleum products.....	11,076,988	12,259,363
Tires, tubes, and accessories.....	389,138	1,120,859
Farm equipment	238,013	164,138
Steel products.....	238,014	418,626
Lumber, paint, and other maintenance equipment.....	437,380	750,547
Insecticides.....	76,738	102,492
Electrical equipment.....	942	147
Twine.....	30,634	50,201
Miscellaneous ²	2,309,035	2,134,224
Total wholesale sales.....	<u>\$19,337,007</u>	<u>\$21,178,614</u>

¹Eighty of the member associations are cooperative petroleum service companies which operate over county-wide areas. The remaining 90 are farmers' cooperative associations of various types.
²Miscellaneous figures in both 1945 and 1946 include the gross freight income of the transportation department.

The total net savings from all operations amounted to \$1,247,310 in 1945 and \$1,431,003 in 1946. These savings were distributed for the 2 years in the following way:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$51,784	\$63,083
Patronage refunds in cash.....	1,075,974	1,094,336
Additions to reserves.....	119,552	273,584
Total.....	<u>\$1,247,310</u>	<u>\$1,431,003</u>

The financial condition of the Illinois Farm Supply Company, as of August 31, 1945 and 1946, was as follows:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$3,095,041	\$3,472,741
Fixed assets.....	504,019	680,388
Other assets.....	137,698	151,063
Total assets.....	<u>\$3,736,758</u>	<u>\$4,304,192</u>
Liabilities and net worth:		
Current liabilities.....	\$1,526,912	\$1,592,880
Other liabilities.....	229,548	298,183
Net worth (capital and reserves).....	1,980,298	2,413,129
Total liabilities and net worth.....	<u>\$3,736,758</u>	<u>\$4,304,192</u>

On August 31, 1946, 41 percent of the net worth had been accumulated through the sale of stock while 59 percent represented retained savings.

The type and value of principal operating facilities owned by the Illinois Farm Supply Company as of August 31, 1946, is as follows:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depre- ciated value</u>
Marine terminal bulk			
petroleum plants.....	2	\$110,462	\$27,296
Transport trucks.....	21	229,879	110,185
Barges.....	4	95,189	28,460
Towboats.....	2	183,589	45,418
Laboratory.....	1	9,119	2,220
Tire recapping plant.....	1	26,585	19,259
Other operating facilities.....		319,224	60,820
Total operating facilities...		<u>\$974,047</u>	<u>\$293,658</u>

As of August 31, 1946, the Illinois Farm Supply Company had 196 employees, of whom 95 were engaged in general administration and 101 in wholesale distribution.

FARMERS UNION CENTRAL EXCHANGE, INC.

Farmers Union Central Exchange, Inc., with headquarters at St. Paul, Minnesota, was organized in 1931. At the end of its fiscal year, December 31, 1946, it was serving 425 active member associations with approximately 185,000 patrons, 90 percent of whom were farmers, and 200 nonmember associations with 150,000 patrons, 80 percent of whom were farmers. It operates in North Dakota, South Dakota, Montana, Minnesota, Wisconsin, Idaho, and Wyoming.

The wholesale supply sales of the Farmers Union Central Exchange were distributed during 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed, seed, flour, and fertilizer.....	\$1,096,977	\$1,528,513
Gas, oil, and grease.....	9,456,109	11,817,841
Tires, tubes, and other accessories.....	1,461,905	3,264,710
Farm machinery.....	841,363	1,700,976
Steel products.....	127,400	242,068
Lumber, paint, and other maintenance equipment.....	348,663	591,808
Insecticides.....	21,550	41,095
Electrical equipment and appliances....	231,463	499,089
Twine.....	140,568	216,928
Coal.....	29,716	26,285
Groceries.....	159,103	227,953
Miscellaneous.....	149,277	246,065
Total wholesale supply sales.....	<u>\$14,064,094</u>	<u>\$20,403,331</u>

The total net savings on these sales amounted to \$1,320,630 in 1945 and \$1,956,991 in 1946. In addition, savings in the form of stock and stock credits from other cooperatives amounted to \$319,608 in 1945 and \$19,139 in 1946, which made total savings of \$1,640,239 for 1945 and \$1,976,130 for 1946. These savings were distributed in the following manner:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$99,049	\$84,788
Educational fund.....	64,585	94,281
Patronage refunds in capital stock.....	1,126,540	1,269,476
Retained in reserves.....	328,048	447,613
Employees saving sharing fund.....	22,017	79,972
Total net savings.....	<u>\$1,640,239</u>	<u>\$1,976,130</u>

The financial condition of the Farmers Union Central Exchange, Inc., as of December 31, for 1945 and 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$3,771,849	\$4,658,035
Fixed assets.....	1,125,229	1,927,594
Other assets.....	24,366	44,339
Investments.....	1,678,631	2,000,946
Total assets.....	<u>\$6,600,075</u>	<u>\$8,630,914</u>
Liabilities and net worth:		
Current liabilities.....	\$1,454,782	\$1,956,218
Net worth (capital and reserves).....	5,145,293	6,674,696
Total liabilities and net worth.....	<u>\$6,600,075</u>	<u>\$8,630,914</u>

The Farmers Union Central Exchange, Inc., owned and operated the following facilities at the close of 1946:

Type	Number of plants or units	Cost value	Depreciated value
Wholesale farm supply warehouses.	5	\$162,348	\$133,132
Oil blending plant.....	1	381,565	321,192
Oil blending equipment.....	-	47,529	17,292
Auto and trucks.....	-	49,749	36,097
Furniture and fixtures.....	-	121,072	78,476
Refinery property.....	-	1,314,533	868,306
Bulk plant and equipment.....	-	27,258	19,901
Non-classified.....	-	109,711	98,520
Bottle gas plants.....	4	40,129	39,862
Lease investments.....	-	337,808	314,816
Total value.....		<u>\$2,591,702</u>	<u>\$1,927,594</u>

On December 31, 1946, the Farmers Union Central Exchange, Inc., had 414 employees engaged in wholesale distribution, refining, and production.

FRUIT GROWERS SUPPLY COMPANY

The Fruit Growers Supply Company, Los Angeles, California, organized in October 1907, is the oldest major farmers' cooperative purchasing association. It serves 185 member citrus packing house associations with 14,000 farmer-members who are located in the citrus districts of California and Arizona. Although separately incorporated and managed, it is in fact the supply department for the California Fruit Growers Exchange members.

The wholesale supply sales of the Fruit Growers Supply Company were distributed during 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Fertilizer.....	\$2,089,065	\$3,203,869
Miscellaneous orchard supplies.....	314,470	549,667
Insecticides.....	1,404,643	1,534,013
Box shook, tissue paper wraps, and other packing supplies.....	13,915,675	14,421,596
Total wholesale supply sales.....	<u>\$17,723,853</u>	<u>\$19,709,145</u>

The total patronage refunds on these sales amounted to \$1,307,006 in 1945 and \$1,617,802 in 1946, all of which were distributed in cash.

The financial condition of the Fruit Growers Supply Company as of December 31, for 1945 and 1946 is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$5,147,066	\$7,027,613
Fixed and other assets.....	13,714,328	12,953,866
Total assets.....	<u>\$18,861,394</u>	<u>\$19,981,479</u>
Liabilities and net worth:		
Current liabilities.....	¹ \$5,035,152	\$6,460,358
Other liabilities.....	¹ 7,885,685	7,512,784
Net worth (capital and reserves).....	¹ 5,940,557	6,008,337
Total liabilities and net worth.....	<u>\$18,861,394</u>	<u>\$19,981,479</u>

The Fruit Growers Supply Company owns and operates three lumber and box shook manufacturing plants.

On December 31, 1946, the company had approximately 2,400 employees.

FARMERS COOPERATIVE EXCHANGE, INC.

The Farmers Cooperative Exchange, Inc. (F.C.X.), with headquarters at Raleigh, North Carolina, was organized on March 12, 1934. It serves approximately 55,000 patrons in North Carolina and South Carolina, of whom almost all are farmers.²

The F.C.X. distributes supplies through 36 F.C.X. retail service stores, which are centrally managed, 34 independent cooperative associations, 243 private dealer agencies, and 300 farmer "order takers" for fertilizer.

¹Revised by association.

²The F.C.X. is closely related to the North Carolina Cotton Growers Cooperative Association. The boards of directors interlock and the same general manager serves both organizations. The volume of cotton handled by the North Carolina Cotton Growers Association was approximately \$6,574,815 during the 1946 season and its net worth as of June 30, 1946, totaled \$606,517.

The wholesale supply sales of the F.C.X. were distributed as follows for the years ending June 30, 1945 and 1946.

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$3,955,585	\$3,929,609
Fertilizer.....	854,804	883,275
Seed.....	696,157	882,933
Steel.....	110,417	327,104
Paint.....	14,388	21,990
Miscellaneous farm supplies.....	629,467	2,614,959
Total wholesale supply sales.....	<u>\$6,260,818</u>	<u>\$8,659,870</u>

The value of supplies distributed at retail by F.C.X.-managed retail outlets amounted to \$5,293,986 in 1945 and \$6,531,779 in 1946.

The value of farm products marketed by the F.C.X. was as follows for 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Seeds.....	\$657,161	\$872,202
Eggs, poultry, and miscellaneous.....	472,966	384,627
Total sales of farm products	<u>\$1,130,127</u>	<u>\$1,256,829</u>

The total net savings of the combined operations of the F.C.X. amounted to \$388,726 at the end of fiscal year June 30, 1945, and \$352,443 at the end of fiscal year June 30, 1946. These savings were distributed in the following way:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$34,123	\$45,581
Cash patronage refunds (by Mecklenburg F.C.X.).....	7,774	12,896
Patronage refunds in capital stock.....	166,609	288,937
Retained in reserves.....	180,220	5,029
Total net savings.....	<u>\$388,726</u>	<u>\$352,443</u>

The financial condition of the F.C.X. as of June 30, 1945, and June 30, 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$1,355,149	\$1,447,255
Fixed assets (depreciated).....	119,719	258,063
Other assets.....	233,605	378,572
Total assets.....	<u>\$1,708,473</u>	<u>\$2,083,890</u>
Liabilities and net worth:		
Current liabilities.....	\$82,785	\$119,725
Net worth (capital and reserves).....	1,625,688	1,964,165
Total liabilities and net worth.....	<u>\$1,708,473</u>	<u>\$2,083,890</u>

The F.C.X. and Southern States Cooperative, Inc., own Cooperative Feed Mills at Statesville, North Carolina, and manufacture jointly feed and fertilizer at Cooperative Mills in Norfolk and in Roanoke, Virginia, and fertilizer at Cooperative Fertilizer Service in Norfolk, Virginia. The F.C.X. investment in these facilities on June 30, 1946, amounted to \$188,803. The F.C.X. also owns 13 seed-cleaning plants and 43 general delivery trucks.

At the close of the 1946 fiscal year the F.C.X. had 296 employees, 61 engaged in general administration, 205 in retail distribution, and 30 in wholesale distribution.

MIDLAND COOPERATIVE WHOLESALE

The Midland Cooperative Wholesale, with headquarters at Minneapolis, Minnesota, was organized on September 8, 1926. At the end of its operating year, December 31, 1946, it was serving 440 member associations with 220,000 patrons, 95 percent of whom were farmers, and 110 nonmember associations with 11,000 patrons, 90 percent of whom were farmers. The association operates throughout all Minnesota except the northeastern quarter, all of Wisconsin except the extreme north and northwest, in northern Iowa, and the extreme eastern part of the Dakotas.

The wholesale supply sales of the Midland Cooperative Wholesale were distributed during 1945 and 1946 in the following way:

	<u>1945</u>	<u>1946</u>
Feed, flour, and middlings.....	\$1,200,550	\$1,326,904
Fertilizer.....	343,712	495,297
Seed.....	375,469	445,826
Gas, oil, and grease.....	6,480,377	7,818,321
Tires, tubes, and accessories.....	661,728	1,543,071
Farm machinery.....	87,605	293,126
Equipment.....	86,061	223,615
Steel products.....	166,451	310,216
Paint, etc.....	119,819	159,269
Insecticides.....	25,955	17,818
Electrical equipment.....	762,353	1,445,382
Coal.....	70,918	61,424
Groceries and dry goods.....	877,494	1,324,122
Hardware.....	209,158	320,500
Miscellaneous.....	8,496	8,220
	<hr/>	<hr/>
Total wholesale supply sales.....	<u>\$11,476,146</u>	<u>\$15,793,111</u>

The total net savings on these sales (after income tax) amounted to \$686,072 in 1945 and \$528,333 in 1946. These savings were distributed in the following manner:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$40,265	\$74,538
Patronage refunds in capital stock.....	574,167	408,416
Retained in allocated surplus.....	71,640	-
Retained in unallocated surplus.....	-	45,379
	<hr/>	<hr/>
Total net savings after all income taxes, Federal and State.....	<u>\$686,072</u>	<u>\$528,333</u>

The financial condition of the Midland Cooperative Wholesale as of December 31, for 1945 and 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$2,357,097	\$3,355,631
Fixed assets.....	1,028,889	2,517,836
Other assets.....	1,365,686	1,929,817
	<hr/>	<hr/>
Total assets.....	<u>\$4,751,672</u>	<u>\$7,803,284</u>
Liabilities and net worth:		
Current liabilities.....	\$1,434,682	\$1,735,353
Other liabilities.....	590,463	1,887,200
Net worth (capital and reserves).....	2,726,527	4,180,731
	<hr/>	<hr/>
Total liabilities and net worth.....	<u>\$4,751,672</u>	<u>\$7,803,284</u>

On December 31, 1946, the Midland Cooperative Wholesale owned and operated the following principal facilities:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Crude oil properties.....		\$1,678,857	\$1,512,326
Refinery (complete).....	1	818,480	579,660
Oil blending plants and bulk petroleum plants and warehouses.	2	435,799	307,929
Transport trucks and trailers.....	4	27,303	14,304
Feed mill.....	1	76,099	63,669
Other properties.....		43,842	39,948
		<hr/>	<hr/>
Total operating facilities...		<u>\$3,080,380</u>	<u>\$2,517,836</u>

Investments by Midland in other production and operating facilities jointly with other cooperatives:

<u>Type</u>	<u>Amount invested</u>
Fertilizer, feed, seed.....	\$661,242
Shingle mill and timber.....	19,727
Refinery and pipe line.....	730,794
Farm machinery factories.....	84,800
Soybean mill.....	33,660
National Cooperatives, Inc. (including milking machine and chemical factories).....	307,051
Coal mine.....	20,000
Total.....	<u>\$1,857,274</u>

At the close of the 1946 operating season, the Midland Cooperative Wholesale had 285 employees engaged in general administration and wholesale distribution and 155 in production.

THE M.F.A. MILLING COMPANY

The M.F.A. Milling Company, with headquarters at Springfield, Missouri, was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year, June 30, 1946, it was serving 105 local M.F.A. farmers' cooperative exchanges with 60,000 farmer members. The M.F.A. Milling Company, the largest wholesale purchasing association affiliated with the Missouri Farmers Association, is owned by local M.F.A. cooperatives in south Missouri. The local cooperatives, in turn, are owned by the M.F.A. members which they serve. The M.F.A. Milling Company is organized on a nonstock, nonprofit plan and is financed by patrons' equities. Half of the board of directors is named by the local cooperatives it serves and which constitute its membership, and the other half is named by the State Board of the Missouri Farmers Association.

The wholesale supply sales of the M.F.A. Milling Company were distributed as follows during the year ending June 30 for 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$9,507,450	\$12,544,414
Seed.....	340,751	326,570
Wire.....	140,957	163,503
Twine.....	23,529	37,640
Paint.....	17,919	20,231
Total wholesale sales.....	<u>\$10,030,606</u>	<u>\$13,092,358</u>

The total net savings amounted to \$329,622 in 1945 and \$527,141 in 1946.

The financial condition of the M.F.A. Milling Company as of June 30, 1945 and 1946 was as follows:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$980,929	\$1,386,506
Fixed assets.....	370,450	570,806
Other assets.....	41,864	96,968
Total assets.....	<u>\$1,393,243</u>	<u>\$2,054,280</u>
Liabilities and net worth:		
Current liabilities.....	\$15,188	\$25,396
Other liabilities.....	-330	293,625
Net worth.....	1,378,385	1,735,259
Total liabilities and net worth.....	<u>\$1,393,243</u>	<u>\$2,054,280</u>

On June 30, 1946, the operating facilities of the M.F.A. Milling Company consisted of the following:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Trucks, semi-trailers, and service costs.....	6	\$16,220	\$14,713
Mill buildings, machinery, and equipment.....		792,695	556,093
Total.....		<u>\$808,915</u>	<u>\$570,806</u>

The M.F.A. Milling Company, as of June 1946, had 224 employees of whom 207 were employed at Springfield and 17 at Aurora. Of the total 224 employees, 6 were classified as being in general administration, 5 in sales and service, and 213 in manufacturing and processing.

PACIFIC SUPPLY COOPERATIVE

The Pacific Supply Cooperative, with headquarters at Walla Walla, Washington, was organized December 19, 1933. At the close of its operating year, December 31, 1946, it was serving 115 member cooperative associations in Oregon, Washington, Idaho, and northwest Wyoming, with 55,000 patrons, 95 percent of whom were farmers. It also served 60 nonmember associations with 15,000 patrons, of whom 50 percent were farmers.

The wholesale supply sales of the Pacific Supply Cooperative were distributed during 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Fertilizer.....	\$270,830	\$263,068
Feed.....	2,042,638	3,537,803
Seed.....	743,033	829,634
Gas, oil, grease, and fuel oil.....	3,213,567	4,402,227
Tires, tubes, and other accessories.....	251,735	717,722
Farm machinery and parts.....	116,856	467,175
Steel products.....	180,630	408,551
Lumber, paint, and other maintenance equipment.....	120,717	171,838
Insecticides.....	314,350	440,647
Electrical equipment and appliances.....	40,068	166,750
Twine.....	24,765	31,213
Coal.....	59,610	7,447
Hardware.....	320,228	555,234
Transport income.....	165,409	205,136
Miscellaneous.....	38,639	48,249
Total wholesale supply sales ¹	<u>\$7,903,075</u>	<u>\$12,252,694</u>

In addition to the wholesale supply sales, the value of supplies distributed direct to individuals through retail outlets amounted to \$336,635 in 1946.

Total net savings amounted to \$450,096 in 1945 and \$713,437 in 1946. The distribution of these savings was made in the following manner:

	<u>1945</u>	<u>1946</u>
Patronage refunds in certificates of indebtedness.....	\$359,913	\$556,481
Retained in reserves.....	89,978	156,956
Other.....	205	-
Total net savings.....	<u>\$450,096</u>	<u>\$713,437</u>

The financial condition of the Pacific Supply Cooperative as of December 31, 1945 and 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$1,635,323	\$2,942,200
Facilities and investments.....	590,963	1,279,133
Other assets.....	96,359	141,554
Total assets.....	<u>\$2,322,645</u>	<u>\$4,362,887</u>
Liabilities and net worth:		
Current liabilities.....	\$390,539	\$1,404,060
Other liabilities.....	489	314,762
Net worth (capital and reserves).....	1,931,617	2,644,065
Total liabilities and net worth.....	<u>\$2,322,645</u>	<u>\$4,362,887</u>

¹Includes a small volume of retail sales.

On December 31, 1946, the Pacific Supply Cooperative owned and operated these principal facilities:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Wholesale farm supply warehouses....	5	\$309,489	\$286,943
Seed and feed plants.....	5	498,865	446,220
Chemical plants.....	1	170,045	161,128
Transport trucks.....	12	145,022	93,546
Office.....	1	45,909	28,270
Total value.....		<u>\$1,169,330</u>	<u>\$1,016,107</u>

In addition to the above, the association held investments of \$249,500 in facilities jointly owned with other cooperative associations.

At the close of 1946, the Pacific Supply Cooperative had 338 employees, 94 of whom were engaged in general administration and 244 in wholesale distribution.

FARM BUREAU SERVICES, INC.

Farm Bureau Services, Inc., with headquarters at Lansing, Michigan, was organized on October 25, 1929, to provide a cooperative wholesale farm supply service for farmers' cooperative associations in Michigan. At the end of its fiscal year, August 31, 1946, this organization provided supply service to some 100,000 patrons through 153 member associations¹, 38 nonmember associations, and 200 private dealer outlets. Farmers represented approximately 90 percent of the patrons of these retail outlets.

Wholesale sales of Farm Bureau Services, Inc., were distributed by commodities as follows for the fiscal years ending August 31, 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$2,278,188	\$2,275,825
Fertilizer.....	918,480	1,030,233
Seed.....	691,421	709,649
Petroleum products.....	942,304	1,291,675
Tires, tubes, and accessories.....	24,537	
Steel products.....	627,047	896,745
Lumber, paint, and other maintenance equipment.....	69,933	129,904
Insecticides.....	215,549	290,421
Machinery, electrical equipment, and appliances ²	995,794	1,535,903
Coal.....	99,903	97,468
Total wholesale sales.....	<u>\$6,863,156</u>	<u>\$8,257,823</u>

¹Fifteen of the member-associations were managed by Farm Bureau Services, Inc., under "Management Contracts."

²Includes binder twine.

In addition to the wholesale supply sales, the value of supplies distributed direct to individuals, through 12 branch retail outlets amounted to \$1,730,492 in 1945 and \$2,479,057 in 1946.

While Farm Bureau Services, Inc., is primarily a cooperative purchasing association, it also marketed farm products during the years ending August 31, 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Grain.....	\$364,071	\$528,190
Beans and potatoes.....	179,535	194,688
Eggs and poultry.....	92,636	130,946
Fruit.....	-	133,179
Total.....	<u>\$636,242</u>	<u>\$987,003</u>

The total net savings of the organization for the fiscal years 1945 and 1946 were as follows:

	<u>1945</u>	<u>1946</u>
On wholesale supply sales.....	\$298,527	\$306,105
On retail supply sales.....	23,167	58,481
On marketing sales.....	8,584	12,492
Total.....	<u>\$330,278</u>	<u>\$377,078</u>

These savings were distributed as follows:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$30,139	\$42,208
Patronage refunds in capital stock.....	300,139	334,870
Total.....	<u>\$330,278</u>	<u>\$377,078</u>

The financial condition of Farm Bureau Services, Inc., as of August 31, 1945 and 1946, is shown by the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$1,196,523	\$1,942,199
Fixed assets.....	346,616	581,529
Other assets.....	293,134	¹ 999,579
Total assets.....	<u>\$1,836,273</u>	<u>\$3,523,307</u>
Liabilities and net worth:		
Current liabilities.....	\$307,014	\$1,007,953
Fixed indebtedness.....	-	² 917,660
Net worth (capital and reserves).....	1,529,259	1,597,694
Total liabilities and net worth.....	<u>\$1,836,273</u>	<u>\$3,523,307</u>

¹This item includes \$683,020 proceeds from the sale of 4 percent 10-year debentures earmarked for the construction of fertilizer manufacturing facilities.

²Represents liability on debentures.

Information on the type and value of principal operating facilities owned by the Farm Bureau Services, Inc., as of August 31, 1946, is here given:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Fertilizer manufacturing plant site..	1	\$5,386	\$5,386
Wholesale farm supply warehouse ¹	6	210,894	193,013
Seed cleaning plant.....	1	51,474	41,034
Retail farm supply branches ¹	12	252,246	190,835
General delivery truck and cars.....	32	32,517	14,053
Bulk petroleum plants ²	2	7,336	3,926
Supply stores and elevators ²	1	17,893	7,032
Office and other equipment.....		29,375	16,896
Transportation department trucks and trailers.....	12	59,977	46,729
Temporary office building.....	1	12,250	11,749
Bulk petroleum plant.....	1	9,795	8,892
Vacant property for future expansion.	1	15,150	15,150
Dust mixing plant.....	1	28,329	26,834
Total value.....		<u>\$732,622</u>	<u>\$581,529</u>

At the end of the fiscal year, August 31, 1946, Farm Bureau Services, Inc., had 352 employees who can be classified as follows:

(a)• In general administration.....	63
(b) In manufacturing and processing (seed).....	3
(c) In wholesale distribution.....	87
(d) In retail distribution.....	129
(e) In contractual service for affiliated Michigan Farm Bureau.....	70

PENNSYLVANIA FARM BUREAU COOPERATIVE ASSOCIATION

The Pennsylvania Farm Bureau Cooperative Association, with headquarters at Harrisburg, Pennsylvania, was organized in 1934. At the close of 1946, it was serving 27 member associations with 80,000 patrons, of whom 90 percent were farmers. Its service area comprises 53 counties in the State of Pennsylvania.

¹Four of these units are combination wholesale and retail units. Cost and depreciated values have been divided according to use.

²Leased to local associations managed by Farm Bureau Services, Inc.

The wholesale supply sales of the Pennsylvania Farm Bureau Cooperative Association were distributed as follows for the years ending December 31, 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$4,207,886	\$4,987,676
Fertilizer.....	921,981	1,032,944
Seed.....	809,494	835,762
Gas, oil, and grease.....	2,123,053	2,417,573
Tires, tubes, and other accessories.....	42,341	104,991
Farm machinery.....	-	52,200
Farm equipment.....	380,026	388,747
Steel products.....	54,809	135,869
Lumber, paint, and other maintenance equipment.....	92,325	205,845
Insecticides.....	118,506	214,719
Electrical equipment and appliances.....	11,140	108,271
Twine.....	57,934	83,734
Miscellaneous.....	304,605	221,303
Total wholesale supply sales.....	<u>\$9,124,100</u>	<u>\$10,789,634</u>

The net savings on these sales amounted to \$237,508 in 1945 and \$272,190 in 1946. The distribution of the savings was as follows:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$46,429	\$54,171
Patronage refunds in capital stock.....	136,556	171,606
Retained in reserves.....	54,523	46,413
Total net savings.....	<u>\$237,508</u>	<u>\$272,190</u>

The financial condition of the Pennsylvania Farm Bureau Cooperative Association, as of December 31, 1945 and 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$1,055,053	\$1,568,910
Fixed assets.....	364,475	586,611
Other assets.....	453,105	858,958
Total assets.....	<u>\$1,872,633</u>	<u>\$3,014,479</u>
Liabilities and net worth:		
Current liabilities.....	\$184,736	\$668,760
Other liabilities.....	4,365	419,134
Net worth (capital and reserves).....	1,683,532	1,926,585
Total liabilities and net worth.....	<u>\$1,872,633</u>	<u>\$3,014,479</u>

The principal operating facilities of the Pennsylvania Farm Bureau Cooperative Association consist of the following:

<u>Type</u>	<u>Number of plants or units</u>	<u>Depreciated value</u>
Feed mill.....	1	\$122,002
Seed cleaning plant.....	1	115,507
Wholesale farm supply warehouse.....	2	114,862
Office building.....	1	53,151
Transport trucks.....	15	50,214
Dust plant.....	1	12,352
Total value of facilities.....		<u>\$468,088</u>

In addition to the above, the association held investments of \$848,807 in facilities jointly owned with other cooperative associations.

At the close of 1946 the association had 201 employees. Of these, 115 were engaged in general administration, 54 in manufacturing and processing, and 32 in wholesale distribution.

CENTRAL CO-OPERATIVE WHOLESALE

The Central Co-operative Wholesale (C.C.W.) with headquarters at Superior, Wisconsin, was organized on September 15, 1917. At the close of its operating year, December 31, 1946, it was serving 173 member and 40 nonmember cooperative associations in northern Michigan, northern Wisconsin, northern Minnesota, and eastern North Dakota. These cooperative outlets served 75,000 patrons, 75 to 80 percent of whom were farmers.

The wholesale supply sales of the C.C.W. were distributed during 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$2,292,814	\$2,296,078
Seed.....	64,197	70,128
Gas, oil, and grease.....	523,324	727,407
Tires, tubes, and other accessories.....	216,254	530,163
Steel products.....	79,950	175,423
Lumber, paints, and other maintenance equipment.....	321,380	360,745
Insecticides.....	10,499	12,861
Electrical equipment and appliances.....	53,816	439,525
Farm machinery and equipment.....	543,364	274,812
Hardware ¹	-	372,419
Twine.....	11,561	13,709
Coal.....	111,018	126,548
Groceries.....	1,561,848	1,969,782
Fresh fruits and vegetables.....	177,333	223,197
Bakery products.....	217,465	261,939
Coffee.....	134,577	165,644
Clothing.....	373,597	599,341
Store fixtures and equipment ²	-	69,501
Total wholesale sales.....	<u>\$6,692,997</u>	<u>\$8,689,222</u>

¹Hardware is a new department.

²This is a department separated from the grocery department. It sells fixtures and equipment, such as meat counters, cash registers, etc., to retail stores.

The total net savings on these sales amounted to \$192,079 in 1945 and \$273,249 in 1946. These savings were distributed as follows:

	<u>1945</u>	<u>1946</u>
Patronage refunds paid in capital stock shares..	\$167,383	\$243,531
Interest on capital stock.....	<u>24,696</u>	<u>29,718</u>
Total net savings.....	<u>\$192,079</u>	<u>\$273,249</u>

The financial condition of the C.C.W. on December 31, for 1945 and 1946 is shown in the following statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$784,570	\$1,495,040
Fixed assets.....	284,481	310,563
Other assets.....	<u>323,898</u>	<u>468,643</u>
Total assets.....	<u>\$1,392,949</u>	<u>\$2,274,246</u>
Liabilities and net worth:		
Current liabilities.....	\$307,674	\$962,033
Net worth (capital and reserves).....	<u>1,085,275</u>	<u>1,312,213</u>
Total liabilities and net worth.....	<u>\$1,392,949</u>	<u>\$2,274,246</u>

On December 31, 1946, the principal operating facilities owned and operated by the C.C.W. consisted of the following:

<u>Type</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills.....	\$134,020	\$86,540
Coffee roastery.....	¹ 11,554	979
General delivery trucks.....	86,826	40,548
Office and warehouse buildings.....	188,234	130,509
Office and printing building.....	23,504	1,813
Bakery plant.....	<u>50,480</u>	<u>16,930</u>
Total.....	<u>\$494,618</u>	<u>\$277,319</u>

At the close of 1946, the C.C.W. had 247 employees, 55 of whom were engaged in general administration, 70 in manufacturing and processing, and 122 in wholesale distribution.

CONSUMERS COOPERATIVES ASSOCIATED

Consumers Cooperatives Associated, with headquarters at Amarillo, Texas, was organized in 1930. On December 31, 1946, it was serving 210 member associations with approximately 60,000 patrons, 90 percent of whom were farmers. The association operates throughout Texas, New Mexico, Arkansas,

¹Excludes land - \$33,243.

Louisiana, Mississippi, and the southeastern part of Colorado, and the southeastern and southern parts of Oklahoma.

The wholesale supply sales of the association were as follows:

<u>Commodities</u>	<u>1945¹</u>	<u>1946</u>
Light fuels.....	\$4,092,406	\$5,044,960
Lubricating oils.....	117,591	134,115
Grease.....	26,206	28,483
Crude oil.....	-	157,147
Tires and tubes.....	354,924	982,912
Batteries.....	32,004	35,442
Auto accessories.....	50,663	92,370
Anti-freeze.....	6,831	9,103
Appliances.....	275,165	161,269
Hardware and building supplies.....		286,289
Farm machinery.....	17,752	140,445
Feed and seed.....	131,025	186,279
Fertilizer and insecticides.....	-	108,436
Groceries.....	-	7,218
Grain.....	189,524	929,332
Total.....	<u>\$5,294,091</u>	<u>\$8,303,800</u>

The total net savings on these sales amounted to ¹\$264,573 in 1945 and \$344,277 in 1946. These savings were distributed in the following manner.

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$23,055	\$30,758
Cash patronage dividends.....	18,298	4,063
Retained in reserves.....	10,929	23,902
Patronage refunds paid in capital stock and equities.....	212,291	285,554
Total.....	<u>¹\$264,573</u>	<u>\$344,277</u>

The financial condition of Consumers Cooperatives Associated as of December 31, 1945 and 1946, is shown by the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$968,141	\$1,277,298
Fixed assets.....	801,006	1,728,705
Other assets.....	118,014	177,290
Total.....	<u>\$1,887,161</u>	<u>\$3,183,293</u>
Liabilities and net worth:		
Current liabilities.....	\$578,837	\$1,140,256
Other liabilities.....	445,541	803,362
Net worth.....	862,783	1,239,675
Total.....	<u>\$1,887,161</u>	<u>\$3,183,293</u>

¹Revised by association.

Consumers Cooperatives Associated has four branch warehouses located at Dallas, Edroy, Levelland, Texas, and Little Rock, Arkansas. A modern grain drying plant and a feed mill are operated in connection with the Edroy (Corpus Christi) warehouse.

The subsidiaries of Consumers Cooperatives Associated are the Consumers Cooperative Refinery Association at Levelland, Texas, and the Cooperative Producing Association of New Mexico, which is engaged in the production of crude oil.

On December 31, 1946, the association and subsidiaries had 190 employees, of whom 35 were engaged in general administration and 155 in manufacturing, processing, and wholesale distribution.

FARMERS UNION STATE EXCHANGE

The Farmers Union State Exchange, with headquarters at Omaha, Nebraska, was organized in 1914. At the end of its operating year, December 31, 1946, it was serving 338 member associations with 50,000 patrons, of whom 98 percent were farmers. Through 12 private dealers it also reached 2,000 patrons, of whom 90 percent were farmers. The Exchange operates in the State of Nebraska and in nearby sections of Wyoming and Iowa.

The wholesale supply sales of the Farmers Union State Exchange were distributed during 1945 and 1946 as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$106,973	\$149,769
Seed.....	15,586	43,445
Gas, oil, and grease.....	1,788,996	2,030,482
Tires, tubes, and other accessories.....	38,819	92,066
Farm equipment and hardware.....	320,451	487,120
Steel products.....		29,088
Paint.....	22,729	29,859
Twine.....	29,286	35,898
Coal.....	63,694	52,155
Groceries.....	142,819	192,648
Clothing.....	56,725	72,579
Produce.....	173,487	144,724
Roofing.....	-	40,963
Miscellaneous.....	25,513	14,430
Truck income.....	84,800	93,705
	<hr/>	<hr/>
Total wholesale supply sales.....	<u>\$2,869,878</u>	<u>\$3,508,931</u>

The Farmers Union State Exchange also had retail sales of \$1,146,606 in 1945 and \$1,341,292 in 1946.

The total net savings from all operations amounted to \$229,690 in 1945 and \$217,682 in 1946. The distribution of these savings was as follows:

	<u>1945</u>	<u>1946</u>
Cash dividends on stock.....	\$15,307	\$16,587
Cash patronage refunds.....	71,217	70,991
Patronage refunds in capital stock.....	57,258	43,840
Patronage refunds allocated.....	66,659	86,264
Retained in reserves.....	<u>19,249</u>	<u>-</u>
Total net savings.....	<u>\$229,690</u>	<u>\$217,682</u>

The financial condition of the Farmers Union State Exchange, as of December 31 for 1945 and 1946, is shown in the following condensed financial statement:

	<u>1945</u>	<u>1946</u>
Assets:		
Current assets.....	\$313,337	\$406,249
Fixed assets.....	154,083	126,618
Other assets.....	<u>465,403</u>	<u>597,380</u>
Total assets.....	<u>\$932,823</u>	<u>\$1,130,247</u>
Liabilities and net worth:		
Current liabilities.....	\$15,521	\$54,577
Other liabilities.....	333,476	283,675
Net worth (capital and reserves).....	<u>583,826</u>	<u>791,995</u>
Total liabilities and net worth.....	<u>\$932,823</u>	<u>\$1,130,247</u>

The facilities owned and operated by the Exchange on December 31, 1946, consisted of a feed-mixing plant, a seed-cleaning plant, 2 wholesale farm supply warehouses, 8 retail farm supply stores, 4 bulk petroleum plants, an office building, 10 transport trucks, 3 general delivery trucks, and a produce plant. The Exchange also holds a joint interest with other regional cooperatives in a petroleum refinery, a pipe line, and a machinery company.

At the close of 1946, the Exchange had 158 employees, of whom 48 were engaged in wholesale distribution and 110 in retail distribution.

PART II

COMBINED INFORMATION FOR 18 MAJOR REGIONAL FARM SUPPLY
PURCHASING COOPERATIVES FOR FISCAL YEARS ENDED
IN 1945 AND IN 1946

In this section the information presented in Part I for the individual associations is combined and analyzed to show the general character and significance of these 18 major regional farm supply purchasing associations.

AGE OF ORGANIZATIONS

The 18 regional farm supply purchasing cooperatives described in Part I were organized in the following years:

<u>Year</u>	<u>Number of associations organized during specified year</u>
1907.....	1
1914.....	1
1917.....	1
1918.....	1
1920.....	1
1923.....	2
1926.....	1
1927.....	2
1929.....	2
1930.....	1
1931.....	1
1933.....	2
1934.....	2

Only 5 of these associations were in existence by 1920. By 1930 there were 13. The remaining 5 were established early in the 1930's. The average age for the 18 associations was 21 years at the end of 1946.

AREA OF SERVICE

The statements in Part I show that the 18 regional associations render service generally throughout the United States except for a large part of the South. While several regional purchasing associations serve the South and the Southwest, with the exception of Southern States Cooperative which serves Virginia as well as several nearby States, only two, the Farmers Cooperative Exchange, Raleigh, North Carolina, and the Consumers Cooperatives Associated, Amarillo, Texas, did a wholesale supply business in 1946 each in excess of 3-1/2 million dollars.¹ It should be

¹The two next largest regional farm supply purchasing associations in this area are the Mississippi Federated Cooperatives, Jackson, Mississippi, and the Southwest Cooperative Wholesale, Phoenix, Arizona. Both of these regionals also perform cooperative marketing service. As noted in Appendix A, The Cotton Producers Association of Atlanta, Georgia, also serves as a regional farm supply purchasing association.

clearly understood that a number of other regional purchasing associations also operate in the areas served by these 18 large regional purchasing associations.

TYPE OF RETAIL OUTLET

The 18 major regional farm supply purchasing cooperatives distributed supplies through some 7,544 retail outlets in 1945 and 8,166 in 1946, which can be classified as follows:

	<u>1945</u>	<u>1946</u>
Local cooperative member associations	¹ 3,219	3,544
Local cooperative nonmember associations.....	837	1,069
Affiliated cooperative service associations.....	¹ 573	603
Private service agencies.....	1,445	1,299
Farmer-representatives.....	1,470	1,651

The local cooperative associations listed above are autonomous organizations. The "member associations" hold membership interests in the regional associations while the "nonmember associations" are simply served by the regional associations. The affiliated cooperative service associations are associations or branch outlets which are under the direct management of regional associations. "Private service agencies" are private concerns which render distribution service for the regional cooperative associations under agreed-upon plans, which include provision for passing on to farmers of patronage refunds distributed by the regional. Similarly, the "farmer-representatives" are farmers who serve as distribution agents for the regional associations. The individual reports in Part I give more complete information on the character of local service outlets.

NUMBER OF PATRONS SERVED

The 18 regional associations estimated that through their various local outlets at the end of their 1946 fiscal year they were serving 2,161,215 farmer patrons and 151,224 nonfarmer patrons, or a total of 2,312,439 patrons.² Thus, 93.5 percent of the patrons were farmers, while 6.5 percent were nonfarmers. On the basis of the information furnished by the regional associations, it is estimated that farmer patrons purchased over 95 percent of the supplies distributed through the local outlets of the 18 regional associations.

NUMBER AND TYPE OF EMPLOYEES

According to data in Part I, the 18 regional associations at the end of the 1946 fiscal year employed a total of 15,386 persons. Of these, 15 percent were reported as engaged in general administration and 64 percent were engaged in manufacturing, processing, and wholesale distribution. The remaining 21 percent were employed in retail supply distribution or in agricultural marketing work.

¹Revised.

²On the basis of other studies made by the Cooperative Research and Service Division, it is believed that this total considerably overstates the number of actual patrons.

Table 1. - Volume of farm supplies distributed and of farm products marketed by 18 major cooperative purchasing associations for fiscal years ended, 1945 and 1946.

ASSOCIATION	YEAR ENDING	SUPPLIES DISTRIBUTED AT WHOLESALE		SUPPLIES DISTRIBUTED AT RETAIL		FARM PRODUCTS MARKETING		TOTAL	
		1945	1946	1945	1946	1945	1946	1945	1946
Coop. Grange League Federation Exchange, Inc.	June 30	\$93,472,854	^a \$93,975,682	\$85,444,980	\$75,677,971	\$14,628,613	\$14,406,754	\$173,546,447	\$184,060,407
Southern States Coop., Inc.	June 30	40,557,608	45,173,178	14,253,560	15,934,067	2,445,937	6,162,334	57,257,105	67,269,579
Eastern States Farmers' Exchange, Inc.	Dec. 31	53,695,846	56,589,580	-	-	-	-	53,695,846	56,589,580
(Ohio) Farm Bureau Coop. Assn., Inc.	Dec. 31	^c 17,832,480	^c 23,925,347	-	-	8,204,167	11,880,852	26,036,647	35,806,199
Consumers Coop. Assn.	Aug. 31	21,934,552	26,069,029	326,406	420,787	-	-	22,260,958	26,489,816
Indiana Farm Bureau Coop. Assn., Inc.	Dec. 31	17,209,662	25,931,097	-	-	-	-	17,209,662	25,931,097
Illinois Farm Supply Co.	Aug. 31	19,337,007	21,178,614	-	-	-	-	19,337,007	21,178,614
Farmers Union Central Exchange, Inc.	Dec. 31	14,064,094	20,403,331	-	-	-	-	14,064,094	20,403,331
Fruit Growers Supply Co.	Dec. 31	17,723,853	19,709,145	-	-	-	-	17,723,853	19,709,145
Farmers Coop. Exchange, Inc.	June 30	6,260,818	8,659,870	5,293,986	6,531,779	1,130,127	1,256,829	12,684,931	16,448,478
Midland Coop. Wholesale	Dec. 31	11,476,146	15,793,111	-	-	-	-	11,476,146	15,793,111
The M.F.A. Milling Co.	June 30	10,030,606	13,092,358	-	-	-	-	10,030,606	13,092,358
Pacific Supply Coop.	Dec. 31	7,903,075	12,252,694	-	336,635	-	-	7,903,075	12,589,329
Farm Bureau Services, Inc.	Aug. 31	6,863,156	8,257,823	1,730,492	2,479,057	636,242	987,003	9,229,890	11,723,883
Pennsylvania Farm Bureau Cooperative Assn.	Dec. 31	9,124,100	10,789,634	-	-	-	-	9,124,100	10,789,634
Central Coop. Wholesale	Dec. 31	6,692,997	8,689,222	-	-	-	-	6,692,997	8,689,222
Consumers Coop. Associated	Dec. 31	^d 5,277,919	8,303,800	-	-	-	-	^d 5,277,919	8,303,800
Farmers Union State Exch.	Dec. 31	2,869,878	3,508,931	1,146,606	1,341,292	-	-	4,016,484	4,850,223
Total 18 associations		\$362,326,651	\$422,302,446	\$88,196,030	\$102,721,588	\$27,045,086	\$34,693,772	\$477,567,767	\$559,717,806

^a Includes \$363,905 intercompany sales.

^b Includes volume of Eastern States Farmers' Exchange reported as direct sales to individual purchasers. The exchange performs all distributive functions prior to final sales to patrons.

^c Exclusive of intercompany sales.

^d Revised by association.

Table 2. - Volume of farm supplies distributed at wholesale by 18 major cooperative purchasing associations, by type of supply, for fiscal year ended 1946.

ASSOCIATION	FEED	SEED	FERTILIZER AND INSECTI- CIDES	PETROLEUM PRODUCTS AND AUTO ACCESSORIES	FARM MACHINERY AND EQUIPMENT, LUMBER, PAINT, PACKAGING MATERIAL, ELECTRICAL EQUIPMENT, AND STEEL PRODUCTS	COAL AND TWEINE	GROCERIES	MISCEL- LANEOUS	TOTAL
Coop. Grange League Fed.	\$69,415,098	\$3,999,514	\$8,388,237	\$6,104,576	\$5,302,627	\$226,858	-	\$538,772	^a \$93,975,682
eration Exchange, Inc.	49,696,049	2,748,083	3,316,379	-	829,069	-	-	-	56,589,580
Eastern States Farmers'	27,680,995	2,936,555	7,426,853	1,755,344	-	-	-	5,373,431	45,173,178
Exchange	2,840,083	-	20,936	19,725,481	1,987,239	119,732	\$1,009,131	366,427	26,069,029
Southern States Coop.,	3,522,002	1,035,851	2,744,270	6,335,016	10,438,750	1,013,882	-	841,326	25,931,097
Inc.	6,669,374	1,646,534	3,537,249	6,097,787	3,862,306	426,485	-	1,885,612	^c 23,925,347
Consumers Coop. Assn.	2,444,553	-	1,835,956	13,380,222	1,333,458	50,201	-	2,134,224	21,178,614
Indiana Farm Bureau	^d 1,528,513	-	41,095	15,082,551	3,033,941	243,213	227,953	246,065	20,403,331
Coop. Assn., Inc.	-	-	4,737,882	9,361,392	14,421,596	-	-	549,667	19,709,145
(Ohio) Farm Bureau Coop.	1,328,904	445,826	513,115	5,119,949	2,752,108	61,424	^e 1,324,122	8,220	15,793,111
Assn., Inc.	12,544,414	326,570	-	5,119,949	183,734	37,640	-	-	13,092,358
Illinois Farm Supply Co.	3,537,803	829,634	703,715	2,522,564	1,769,548	38,660	-	253,385	12,252,694
Farmers Union Central	4,987,676	835,762	1,247,663	1,257,570	890,932	83,734	-	221,303	10,789,634
Exchange, Inc.	2,236,078	70,128	12,861	-	1,692,425	140,257	2,620,562	599,341	8,689,222
Fruit Growers Supply Co.	3,929,609	882,933	883,275	-	349,094	-	-	2,614,959	8,659,870
Midland Coop. Wholesale.	^f 1,115,611	(g)	108,436	6,327,385	588,003	(g)	7,218	157,147	8,303,800
The M.F.A. Milling Co.	2,275,825	709,649	1,320,654	1,291,675	2,562,552	97,468	-	-	8,257,823
Pacific Supply Coop.	149,769	43,445	-	2,122,548	587,030	88,053	192,648	325,438	3,508,931
Pennsylvania Farm Bureau									
Co-operative Assn.									
Central Co-operative									
Wholesale									
Farmers Coop. Exchange,									
Inc.									
Consumers Coop.									
Associated									
Farm Bureau Services,									
Inc.									
Farmers Union State									
Exchange									
Total	\$195,960,356	\$16,510,484	\$36,838,576	\$96,484,060	\$52,584,412	\$2,627,607	\$5,381,634	\$15,915,317	\$422,302,446

^aIncludes \$363,905 intercompany sales.

^bDistribution of supplies by Eastern States Farmers' Exchange represents purchases by individual patrons. The exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

^cExcludes \$1,660,180 intercompany sales.

^dIncludes seed, flour, and fertilizer.

^eIncludes a little dry goods.

^fIncludes some seeds and twine.

^gIncluded in feed.

Table 3. - Wholesale farm supplies distributed by 18 major cooperative purchasing associations, by percent of business, for fiscal year ended 1946.

ASSOCIATION	FEED	SEED	FERTILIZER AND INSECTI- CIDES	PETROLEUM PRODUCTS AND AUTO ACCESSORIES	FARM MACHINERY AND EQUIPMENT, LUMBER, PAINT, PACKAGING MATERIAL, ELECTRICAL EQUIPMENT, AND STEEL PRODUCTS	COAL AND TWINE	GROCERIES	MISCEL- LANEOUS	TOTAL
Coop. Grange League Federation Exchange, Inc....	73.9	4.3	8.9	6.5	5.6	0.2	-	0.6	^a 100
Eastern States Farmers' Exchange ^b	87.8	4.8	5.9	-	1.5	-	-	-	100
Southern States Cooperative, Inc.....	61.3	6.5	16.4	3.9	-	-	-	11.9	100
Consumers Cooperative Association.....	10.9	-	0.1	75.7	7.6	0.4	3.9	1.4	100
Indiana Farm Bureau Cooperative Assn., Inc.....	13.6	4.0	10.6	24.4	40.3	3.9	-	3.2	100
(Ohio) Farm Bureau Cooperative Assn., Inc.....	27.9	6.9	14.8	25.4	16.2	1.8	-	7.0	100
Illinois Farm Supply Company.....	11.5	-	8.7	63.2	6.3	0.2	-	10.1	100
Farmers Union Central Exchange, Inc.....	^c 7.5	-	0.2	73.9	14.9	1.2	1.1	1.2	100
Fruit Growers Supply Company.....	-	-	24.0	-	73.2	-	-	2.8	100
Midland Cooperative Wholesale.....	8.4	2.8	3.2	59.3	17.4	0.4	^d 8.4	0.1	100
The M.F.A. Milling Company.....	95.8	2.5	-	-	1.4	0.3	-	-	100
Pacific Supply Cooperative.....	28.9	6.8	5.7	41.8	14.4	0.3	-	2.1	100
Pennsylvania Farm Bureau Co-operative Assn.....	46.2	7.7	11.6	23.4	8.3	0.8	-	2.0	100
Central Co-operative Wholesale.....	26.4	0.8	0.1	14.5	19.5	1.6	30.2	6.9	100
Farmers Cooperative Exchange, Inc.....	45.4	10.2	10.2	-	4.0	-	-	30.2	100
Consumers Cooperative Associated.....	^e 13.4	(f)	1.3	76.2	7.1	(f)	0.1	1.9	100
Farm Bureau Services, Inc.....	27.6	8.6	16.0	15.6	31.0	1.2	-	-	100
Farmers Union State Exchange.....	4.3	1.2	-	60.5	16.7	2.5	5.5	9.3	100
Total.....	46.4	3.9	8.7	22.8	12.5	.6	1.3	3.8	100

^aIncludes 0.4 percent intercompany sales.

^bDistribution of supplies by Eastern States Farmers' Exchange represents purchases by individual patrons. The exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

^cIncludes seed, flour, and fertilizer.

^dIncludes a little dry goods.

^eIncludes some seeds and twine.

^fIncluded in feed.

VOLUME OF BUSINESS

Combined business of the 18 regional associations, which is the value of supplies distributed at wholesale and retail plus the value of farm products marketed, amounted to \$559,717,806 for the fiscal year ended in 1946, while the comparable volume for the similar period ending in 1945 was \$477,567,767. The outstanding position in sales volume of the Cooperative Grange League Federation Exchange, Inc., is shown in table 1. Fifteen of the 18 associations each had volume of more than 10 million dollars. The combined purchasing and marketing sales of these 15 associations for their 1946 fiscal years amounted to \$537,874,561.

Table 4. - Amount of wholesale supplies distributed by 18 major cooperative purchasing associations for fiscal years ended 1945 and 1946.

Commodity	1945 ^a	1946	Percentage increase or decrease
Feed.....	\$183,747,783	\$195,960,356	+6.6
Gas, oil, and grease.....	73,597,365	84,532,078	+11.5
Fertilizer.....	26,527,323	31,420,706	+18.4
Seed.....	15,013,647	16,510,484	+10.0
Package material, drums, and containers.....	15,299,002	15,397,147	+.6
Farm machinery and equipment..	7,667,489	14,123,982	+84.2
Tires, tubes, and auto accessories.....	4,855,592	11,951,982	+146.1
Lumber, paint, and maintenance material.....	5,421,460	11,484,263	+111.8
Steel products.....	4,928,725	7,712,788	+56.5
Insecticides.....	4,165,667	5,417,870	+30.1
Groceries.....	4,733,374	5,381,634	+13.7
Electrical equipment.....	1,964,527	3,866,232	+96.8
Coal.....	1,708,350	1,680,635	-1.6
Twine.....	852,655	946,972	+11.1
Miscellaneous ^b	10,271,910	15,915,317	+54.9
Total.....	^c \$360,754,869 ^d	\$422,302,446	+17.1

^aRevised.

^bIncludes a small amount of a few of the above itemized commodities that had not been shown separately by some of the associations.

^cIncludes \$163,904 intercompany sales.

^dIncludes \$363,905 intercompany sales.

TYPES OF SUPPLIES HANDLED

The relative significance of the various supplies distributed at wholesale¹ by the 18 regional associations for their fiscal years ending in 1946 is shown in tables 2 and 3. Feed predominated in the volume of 8 of the associations and petroleum products and related supplies predominated in the volume of 8 of the associations, (table 3).

¹The volume of the Eastern States Farmers' Exchange is broken down on the basis of purchases by individual patrons since the Exchange integrates all wholesale and retail functions performed incident to final purchases by the patrons.

Groceries accounted for the largest amount distributed by Central Cooperative Wholesale. Packaging material represented the bulk of the volume of the Fruit Growers Supply Company which renders a cooperative purchasing service for the citrus growers of Southern California.

For the 18 associations combined, feed represented 46 percent of the wholesale sales volume, petroleum products and auto accessories 23 percent, and fertilizer and insecticides 8.7 percent.

Table 4 shows the relative significance of the combined total of the various supplies distributed at wholesale by the 18 regional associations for their fiscal years ended 1945 and 1946. Total distribution of all supplies in 1946 showed 17 percent increase over that in 1945.

The amount of feed remained about the same; gas, oil, and grease increased 12 percent, fertilizer 18 percent, and seed 10 percent. Various items in short supply during the war show large increases. For example, tires, tubes, and auto accessories increased 146 percent; lumber, paint, and maintenance material 112 percent; electrical equipment 97 percent; and farm machinery and equipment 84 percent. Coal was the only commodity that showed a decrease, and that was less than 2 percent.

DISTRIBUTION OF SAVINGS

The amount and distribution of combined savings for the 18 associations for their fiscal years ended in 1945 and 1946 are shown in table 5. Total savings increased from \$17,811,440 in 1945 to \$21,142,854 in 1946, or 19 percent. Savings returned to patrons in cash patronage refunds increased 21 percent. Savings returned as patronage refunds in the form of capital stock, certificates of equity, or other equity holdings increased 32 percent. Cash dividends applied on stock increased 26 percent, whereas the amount of savings retained in reserves decreased 14 percent. As a group, these regional associations increased their reserves over the preceding year 19 percent.

Table 5. - Distribution of combined net savings of 18 major cooperative purchasing associations for fiscal years, 1945 and 1946.

Item	1945 ^a	1946	Percentage increase or decrease
Cash patronage refunds.....	\$7,527,010	\$9,128,735	+21.3
Deferred patronage refunds ^b	5,642,487	7,455,293	+32.1
Cash dividends on stock.....	1,422,417	1,788,415	+25.7
Retained in reserves.....	3,219,526	2,770,411	-13.9
Total.....	\$17,811,440	\$21,142,854	+18.7

^aRevised figure.

^bEvidenced by capital stock, certificates of equity, or other equity holdings.

FINANCIAL CONDITION

The financial condition of the 18 associations as a group at the close of their fiscal years in 1945 and 1946 is given in table 6.

Table 6. - Consolidated financial statements for 18 major cooperative purchasing associations, at the close of their fiscal years, 1945 and 1946.

Item	1945		1946	
	Amount	Percent- age of total	Amount	Percent- age of total
Assets:				
Current assets.....	\$71,397,874	58.0	\$87,543,747	56.4
Fixed assets.....	37,273,391	30.3	48,470,006	31.3
Other assets.....	14,331,904	11.7	19,108,837	12.3
Total assets.....	\$123,003,169	100.0	\$155,122,837	100.0
Liabilities and members' equities:				
Current liabilities.....	\$32,886,530	26.7	\$39,966,717	25.7
Other liabilities.....	15,501,756	12.6	22,554,971	14.6
Members' equities (capital and reserves).....	74,614,883	60.7	92,600,902	59.7
Liabilities and members' equities.....	\$123,003,169	100.0	\$155,122,590	100.0

The combined total assets increased from \$123,003,169 in 1945 to \$155,122,590 in 1946, or 26 percent, while the members' equities increased from \$74,614,883 to \$92,600,902, or 24 percent. At the end of their 1946 fiscal years, the 18 associations thus had members' equities equal to 59.7 percent of their total assets as compared with 60.7 percent for the preceding period. The 18 associations combined had \$2.19 in current assets for each \$1 in current liabilities at the end of their 1946 fiscal years as compared with a current ratio of \$2.17 to \$1 for the preceding year. These ratios show that the general financial position of the 18 associations in 1945 was maintained in 1946.

APPENDIX A

VALUE OF SUPPLIES DISTRIBUTED BY FOUR MAJOR REGIONAL
MARKETING-PURCHASING COOPERATIVES FOR FISCAL YEARS
ENDING IN 1945 AND 1946

The four regional marketing-purchasing associations which distribute the largest amounts of farm supplies are the Washington Cooperative Farmers Association,¹ the Poultry Producers of Central California, the Utah Poultry Producers Cooperative Association,² and The Cotton Producers Association. All of these associations are centralized organizations which distribute direct to farmers through local branches. Sales are thus expressed in terms of amounts paid by farmers for supplies.

The value of feed and other farm supplies distributed to its members by the Washington Cooperative Farmers Association, Seattle, Washington, was as follows for the years ending December 31, 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$13,764,630	\$13,819,698
Seeds.....	199,533	212,923
Fertilizer.....	191,739	327,190
Petroleum.....	1,326,901	1,903,487
Other farm supplies, such as paints, automotive supplies, steel products, roofing, etc.....	477,394	731,432
Total.....	<u>\$15,960,197</u>	<u>\$16,994,730</u>

Net savings to members on supply operations amounted to \$1,173,605 in 1945 and \$1,203,839 in 1946, after paying \$145,080 in 1945 and \$132,146 in 1946 in 6 percent dividends on capital stock and 4 percent interest on finance fund certificates for financing supply operations.

The Poultry Producers of Central California with headquarters in San Francisco had farm supply sales as follows for the fiscal years ending December 31, 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$18,796,923	\$19,593,183
Supplies.....	427,229	639,034
Gasoline.....	326,108	454,220
Total.....	<u>\$19,550,260</u>	<u>\$20,686,437</u>

¹In February 1945, the Washington Cooperative Egg & Poultry Association adopted the name Washington Cooperative Farmers Association.

²In March 1947, the Utah Poultry Producers Cooperative Association adopted the name Utah Poultry and Farmers Cooperative.

The value of farm supplies distributed by the Utah Poultry Producers Cooperative Association, Salt Lake City, Utah, was as follows for the years ending December 31, 1945 and 1946:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Feed.....	\$5,550,607	\$6,192,000
Supplies.....	194,886	254,000
Total.....	<u>\$5,745,493</u>	<u>\$6,446,000</u>

The Cotton Producers Association with headquarters at Atlanta, Georgia, serves farmers in Georgia and eastern Alabama through member cooperative associations and dealer representatives. Fertilizer and other farm supplies distributed to its members for fiscal years ended in 1945 and 1946 were as follows:

<u>Commodities</u>	<u>1945</u>	<u>1946</u>
Fertilizer.....	\$631,530	\$1,313,485
Feed.....	770,308	1,044,989
Seed.....	-	160,837
Other farm supplies.....	22,110	71,735
Total.....	<u>\$1,423,948</u>	<u>\$2,591,046</u>

Net margins on supply operations amounted to \$63,270 in 1945 and \$155,100 in 1946.

Feed was the principal supply distributed by these four associations. In 1946, it represented 87 percent of all supplies. Altogether, the total amount of supplies distributed by the four associations increased from \$42,679,898 in 1945 to \$46,718,213 in 1946, or 9.5 percent. The combined feed volume increased 4.5 percent, whereas the volume of other supplies increased 60 percent.

